



Morning Alert - Thursday, July 5, 2018

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HEADLINES

Morning news

NHK, Fuji TV, and TV Asahi gave led with reports on the arrest of a senior MEXT official on suspicion of granting favors to Tokyo Medical University in exchange for giving his son extra points on the school's entrance exam in February. NTV and TBS led with reports on the 12 boys and their soccer coach who are trapped inside a cave in northern Thailand.

All national dailies except Nikkei led with reports on the arrest of a senior education ministry official on a bribery charge. Nikkei gave top coverage to a delay in achieving the GOJ goal for increasing the number of nursing homes for the elderly.

INTERNATIONAL

Secretary Pompeo to visit Japan

All national dailies in their Wednesday morning editions reported on Secretary of State Pompeo's plan to travel to Pyongyang on July 5-7 and Tokyo on July 7-8. Nikkei wrote that the United States and the DPRK will launch talks on specific steps toward the complete denuclearization of North Korea, speculating that attention will be focused on whether the DPRK will provide accurate numbers of its nuclear warheads and facilities. The daily added that Foreign Minister Kono stated in a speech in Tokyo on Tuesday that the DPRK must abandon all of its biological and chemical weapons and ballistic missiles in addition to nuclear weapons. Kono reportedly added that he will confirm this policy with Secretary Pompeo when they hold talks in Tokyo later this week.

In a related development, all national dailies reported on Thursday that MOFA announced on Wednesday that South Korean Foreign Minister Kang will arrive in Tokyo on Sunday for a trilateral meeting with Foreign Minister Kono and Secretary Pompeo.

DPRK gains Chinese support ahead of talks with U.S.

Wednesday's Asahi led with a report asserting that U.S.-DPRK talks on denuclearization may run into difficulties because North Korea, by allegedly winning support from China, is set to demand that the United States make concessions. The paper speculated that Kim Jong Un has won Beijing's support for his desire to "denuclearize in phases" and obtain security guarantees by traveling to China three times in the past three months. In a related story, the paper speculated that although high-level talks between the United States and the DPRK were expected to be held immediately after the June 12 U.S.-DPRK summit, they were delayed because Pyongyang prioritizes regime guarantees over denuclearization and needed time to obtain Beijing's support.

Foreign Minister Kono to hold consultations with IAEA chief

Wednesday's Asahi, Yomiuri, and Sankei wrote that MOFA announced on Tuesday that Foreign Minister Kono will visit Austria and Poland on July 4-7. Kono reportedly plans to hold talks with IAEA Director-General Amano in Austria to discuss the possibility of Japan providing financial and technical support for IAEA inspections in North Korea.

MSDF detects possible ship-to-ship transfer involving DPRK vessel

Thursday's Yomiuri, Nikkei, and Sankei wrote that the Ministry of Defense announced on Wednesday that a MSDF vessel spotted a North Korean-flagged tanker and a ship of unknown nationality connected by hoses in waters about 350 kilometers south-southeast off Shanghai on June 29. The GOJ has reported the possible ship-to-ship transfer to the UN as a suspected violation of the sanctions resolutions on the DPRK because the tanker in question, the An San 1, is subject to an asset freeze and is banned from entering foreign ports under UNSC resolutions.

Abe eyes visit to China in October

Thursday's Mainichi and Nikkei wrote that Prime Minister Abe is mulling a visit to China in October for talks with President Xi if he is reelected LDP president in the party leadership election in September. If the visit is realized, it will be the first time for a Japanese prime minister to travel to China other than to attend an international conference since then-Prime Minister Noda visited there in December 2011. Mainichi speculated that Abe is hoping to improve bilateral ties with China by confirming cooperation on the economic front and in dealing with North Korea.

Chinese vessels enter Japanese waters around Senkakus

Thursday's Asahi, Mainichi, Yomiuri, and Sankei wrote that three Chinese coast guard vessels on Wednesday entered Japan's territorial waters around the Senkaku Islands for the first time since the coast guard was transferred to the command of the Central Military Commission. MOFA Asian and Oceanian Affairs Bureau Director General Kanasugi reportedly conveyed a protest over the phone to

the Chinese Embassy in Tokyo. Chief Cabinet Secretary Suga reportedly said at a press conference on Wednesday that the intrusion was extremely deplorable and unacceptable.

Japan, Russia hold security dialogue

Thursday morning's Asahi wrote that Japan and Russia held a security dialogue in Tokyo on Wednesday. The paper wrote that Japan expressed at the meeting its concern over Russia's deployment of surface-to-ship missiles on the islands of Kunashiri and Etorofu in the Northern Territories and its repeated military exercises in the area, while Russia expressed opposition to Tokyo's plan to deploy the Aegis Ashore missile defense system.

Yomiuri, Mainichi, and Nikkei also reported on the bilateral vice-ministerial talks between Japan and Russia, saying that the two nations agreed to work together to urge North Korea to abandon its nuclear and missile programs and resolve the abduction issue. Yomiuri added, however, that Japan insisted that the UNSC sanctions resolutions on the DPRK should remain in place, while Russia argued that the sanctions should be relaxed. Mainichi wrote that the two nations also discussed a planned summit between Prime Minister Abe and President Putin in Vladivostok in September and a "2+2" meeting between foreign and defense ministers set for this month.

U.S. requests 13 nations to step up pressure on Iran

Wednesday's Sankei wrote that State Department Director of Policy Planning Hook told the press on Tuesday that State and Treasury Department teams have visited 13 countries in Europe and Asia including Japan to request cooperation in stepping up the pressure on Iran, including a complete halt to imports of Iranian oil. The paper quoted Hook as reportedly saying that the United States will impose maximum economic and diplomatic pressure on Tehran.

Japanese, South Koreans remain pessimistic about denuclearization

Thursday's Yomiuri reported on the results of its joint survey with the Korea Times that was conducted in Japan and South Korea from June 22 through 24. Concerning the U.S.-DPRK summit in Singapore, 59% of the Japanese and 83% of the Korean respondents gave it high marks. However, 83% of the Japanese and 66% of the Koreans said they do not expect the complete denuclearization of North Korea to be achieved in the near future. When asked which countries they feel pose a military threat, 77%, down 11 points from the previous survey in 2017, of the Japanese pollees cited North Korea, while 49%, down 28 points, of the Korean respondents picked the DPRK.

ECONOMY

Japan's investment in U.S. increases by 70%

Wednesday evening's Nikkei led with a report saying that Japanese foreign direct investment in the United States increased by 70% in the period from May 2017 to April 2018 to about \$13 billion. The paper speculated that President Trump's initiative to increase foreign direct investment contributed to the increase in Japanese investment. The paper wrote that Ambassador Hagerty is making

vigorous efforts to increase Japanese investment in the U.S. and that after his arrival in Tokyo, the U.S. Embassy made a list of about 300 major Japanese companies that are operating in the United States and embassy officials are proactively making appointments with them.

Aso, Motegi comment on trade

Wednesday's Mainichi wrote that Finance Minister Aso commented on plans by the United States and China to impose tariffs on each other's products on July 6. At a news conference on Tuesday he reportedly said that trade friction between Washington and Beijing may spread beyond the two nations if it escalates. Aso added that trade should be based on WTO rules. Meanwhile, Economic Revitalization Minister Motegi commented on the Trump administration's planned restrictions on auto imports by reportedly saying that the United States has received benefits from the free trade system.

SECURITY

Japan to partially cover U.S. personnel expenses in exchange for faster arms delivery

Thursday's Nikkei wrote that the GOJ is making arrangements to shoulder some of the U.S. personnel expenses for defense equipment orders from Japan in return for quicker delivery. The paper claimed that delays in delivery and transparency in price setting have been problematic under the system of Foreign Military Sales.

Okinawa businessman to run in gubernatorial election

Wednesday's Asahi wrote that during a news conference on Tuesday Shigenobu Asato, a former chairman of the Okinawa Convention & Visitors Bureau, expressed his intention to run in the Okinawa gubernatorial election slated for Nov. 18. The paper wrote that Asato is the first person to officially announce his candidacy and that a former LDP lawmaker and several local business leaders have expressed support for him. The paper conjectured that the LDP and local business circles may be divided into two groups because the LDP Okinawa chapter is planning to support the candidacy of Ginowan Mayor Sakima. Mainichi and Sankei ran similar reports.